

Message Text

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ACTION SIG-02

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C O N F I D E N T I A L SECTION 01 OF 02 MADRID 00511

E.O. 11652: GDS
TAGS: ASIG
SUBJECT: POST MEMORANDUM

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1. THE FIVE AGREED US GOALS IN SPAIN AT THIS WRITING ARE
(1) CONSOLIDATION OF DEMOCRATIC GOVERNMENT, (2) SPANISH
INTEGRATION INTO THE WESTERN COMMUNITY, (3) STRENGTHENED
MILITARY RELATIONSHIP, (4) STABILIZATION OF THE SPANISH
ECONOMY AND EXTENSION OF US-SPANISH ECONOMIC TIES, AND
(5) IMPROVEMENT OF BILATERAL COOPERATION ON MULTILATERAL
ISSUES. PROGRESS HAS BEEN MADE IN THE PAST YEAR ON THESE
GOALS, PARTICULARLY WITH REGARD TO DEMOCRATIC GOVERNMENT,
STABILIZATION OF THE ECONOMY AND GROWING IDENTIFICATION
WITH WESTERN EUROPE. HOWEVER, SUBSTANTIAL UNCERTAINTIES
REMAIN. IN THE NEXT TWO YEARS, MAJOR FOREIGN POLICY
ISSUES -- ESPECIALLY SPAIN'S FUTURE SECURITY ORIENTA-
TION (NATO) -- WHICH HAVE BEEN LEFT ON THE BACK BURNER
WHILE THE CONCENTRATION WAS ON INTERNAL MATTERS, WILL COME
MORE TO THE FORE.

2. PROGRESS

THE FIRST NATIONAL ELECTIONS IN 40 YEARS WERE HELD SUCCESS-
FULLY IN JUNE 1977, A YEAR AND A HALF AFTER FRANCO'S DEATH,
WITH THE PARTICIPATION OF ALL SIGNIFICANT POLITICAL FORCES,
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INCLUDING THE COMMUNISTS, WHO POLLED LESS THAN 10 PERCENT
OF THE VOTE. THESE ELECTIONS OPENED THE WAY TO A GOVERN-
MENT MORE POLITICALLY DEFINED IN THE CORTES WHICH WAS WILL-
ING, WITH THE GUIDANCE OF KING JUAN CARLOS AND UNDER THE
LEADERSHIP OF PRIME MINISTER SUAREZ, TO DIALOGUE WITH THE
OPPOSITION AND TO FACE FUNDAMENTAL ISSUES PRAGMATICALLY.
THE POST-ELECTION GOVERNMENT INCLUDED AN EXCELLENT ECONOMIC

TEAM, AND, ALTHOUGH BELATEDLY, IT ELABORATED A GOOD ECONOMIC PROGRAM FOR WHICH SUAREZ SUBSEQUENTLY OBTAINED ENDORSEMENT BY ALL POLITICAL PARTIES. REGIONAL ISSUES WERE DEFUSED, FOR THE TIME BEING AT LEAST, BY NEGOTIATION OF INTERIM "PRE-AUTONOMY" ARRANGEMENTS FOR CATALUNYA AND THE BASQUE PROVINCES, AND DISCUSSIONS OF LIKE ARRANGEMENTS FOR OTHER REGIONS. FIRST STEPS TOWARD MILITARY RESTRUCTURING AND REFORM WERE MADE. A SIGNIFICANT STEP TOWARD TRANSFORMATION OF THE CENTER GOVERNING ALLIANCE INTO A TRUE POLITICAL PARTY WAS ACHIEVED IN DECEMBER THROUGH THE DISSOLUTION OF THE SEPARATE LIBERAL, CHRISTIAN DEMOCRATIC AND SOCIAL DEMOCRATIC GROUPS THAT COMPRISED IT. STILL TO BE DEFINED IS THE PRECISE POLITICAL POSITION OF THIS NEW PARTY IN THE POLITICAL SPECTRUM. LABOR LEADERSHIP WAS PERSUADED TO AGREE ON MODALITIES FOR PLANT ELECTIONS AND, APPARENTLY, TO ACCEPT THE WAGE RESTRAINT ESSENTIAL TO THE SUCCESS OF THE ECONOMIC PROGRAM. MEANWHILE A FIRST DRAFT OF A CONSTITUTION HAS BEEN PRODUCED BY A DRAFTING COMMITTEE REPRESENTING ALL SIGNIFICANT PARTIES AND IT IS HOPED THAT FINAL ADOPTION OF THE CONSTITUTION WILL TAKE PLACE IN JUNE.

THESE ARE TRULY EXTRAORDINARY ACCOMPLISHMENTS IN THE SHORT SPACE OF A LITTLE MORE THAN TWO YEARS SINCE FRANCO'S DEATH AND SEVEN MONTHS SINCE THE INSTALLATION OF THE FIRST ELECTED PARLIAMENT. THEY HAVE BEEN MADE POSSIBLE BY THE OVERRIDING CONSENSUS OF THE SPANISH PEOPLE FOR POLITICAL

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LIBERALIZATION AND MODERATION AND BY THE STRONG LEADERSHIP OF THE KING AND HIS CHOSEN INSTRUMENT AS PRIME MINISTER, SUAREZ.

3. UNCERTAINTIES

YET AS 1977 ENDED AND 1978 BEGAN THERE WAS A GREATER SENSE OF UNCERTAINTY THAN EARLIER -- PROBABLY EXAGGERATED BY THE MEDIA, BUT NONETHELESS EXISTENT. THIS WAS DUE IN LARGE PART TO THE ANTICIPATED PRESSURES WHICH AROSE ONCE SPAIN BEGAN TO FACE UP TO THE CONCRETE ISSUES FOLLOWING THE ELECTIONS. THE PRINCIPAL SOURCES OF THE UNCERTAINTY WERE THE TIME -- AT LEAST TWO YEARS -- THAT IT WOULD TAKE TO TURN THE ECONOMY AROUND IN THE BEST OF CIRCUMSTANCES, THE NATURAL LACK OF ASSURANCE THAT THE ECONOMIC PROGRAM WOULD INDEED BE WELL IMPLEMENTED IN VIEW OF INEVITABLE PRESSURES FOR RELAXATION, THE STRAINS OF THE REGIONAL PROBLEMS, RISING CONCERNS OVER PUBLIC ORDER PROBLEMS INCLUDING BOTH SIMPLE DELINQUENCY AND THE POTENTIAL FOR SERIOUSLY DESTABILIZING TERRORISTIC ACTS, AND QUESTIONS OVER MORALE IN THE MILITARY AND PUBLIC ORDER FORCES' NEVERTHELESS, THE PROSPECTS FOR THE NEXT TWO YEARS AND BEYOND REMAIN POSI-

TIVE AS THIS MEMORANDUM IS WRITTEN.

4. 1978-79 AGENDA

AGAINST THIS BACKDROP, SPAIN'S AGENDA FOR 1978 AND 1979 RUNS SOMETHING LIKE THIS: LABOR PLANT ELECTIONS IN THE FIRST QUARTER OF 1978 THAT WILL GIVE A CLEARER VIEW OF THE RELATIVE STRENGTH WITHIN LABOR OF THE SOCIALISTS, COMMUN-

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ISTS AND INDEPENDENTS; COMPLETION OF PARLIAMENTARY CONSIDERATION OF THE CONSTITUTION BY MID-YEAR AND A NATIONAL REFERENDUM ON IT EITHER JUST BEFORE OR SHORTLY AFTER SUMMER HOLIDAYS; MUNICIPAL ELECTIONS SOME TIME DURING THE YEAR WHICH, BECAUSE OF THE TEST OF STRENGTH BETWEEN THE UCD AND THE PSOE, WILL HAVE A STRONG EFFECT ON THE COUNTRY'S VIEW OF ITS OWN POLITICAL FUTURE; ELABORATION AND VOTING BY MID-1979 OF CERTAIN FUNDAMENTAL LAWS; FURTHER PROGRESS ON MILITARY REFORM; IMPLEMENTATION OF THE ECONOMIC PROGRAM HOPEFULLY LEADING TO RETURN OF CONFIDENCE AND PROSPECTS FOR AN UPSWING; A DECISION ON WHETHER TO HOLD NEW NATIONAL ELECTIONS IN 1979 OR WAIT UNTIL NEARER THE END OF THE CORTES MANDATE IN JUNE 1981; PROGRESS ON NEGOTIATION FOR ENTRANCE INTO THE EUROPEAN COMMUNITY; AND CLEARER DEFINITION OF -- IF NOT FINAL DECISIONS ON -- SPAIN'S SECURITY ORIENTATION.

5. ISSUES

THE PRINCIPAL SUBSTANTIVE ISSUES FOR THE UNITED STATES IN ITS RELATIONS WITH SPAIN AS THE ABOVE AGENDA UNFOLDS WILL BE HOW BEST TO INFLUENCE AND DEAL WITH THE NEW SPAIN'S EVOLVING POSITION ON SECURITY ARRANGEMENTS, AND HOW BEST

TO ACHIEVE US NUCLEAR OBJECTIVES.

IT HAS LONG BEEN A LOGICAL ARTICLE OF UNITED STATES POLICY
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TO ENCOURAGE AND SUPPORT SPAIN'S ENTRY INTO NATO. THE REASONING BEHIND THIS POLICY IS THAT THE BILATERAL RELATIONSHIP BETWEEN SPAIN AND THE UNITED STATES IS INHERENTLY FRAGILE, THAT MEMBERSHIP IN NATO WOULD TEND TO CONSOLIDATE THE SPANISH DEMOCRATIC PROCESS AND SPANISH DEDICATION TO THE WEST, AND THAT, IN ANY EVENT, TOTAL WESTERN SECURITY ARRANGEMENTS WOULD BE MORE EFFECTIVE WITH SPAIN A MEMBER OF NATO. THE REASONING IS SOUND AND THE UNITED STATES SHOULD CONTINUE DISCREETLY TO PROMOTE AS BEST IT CAN A SPANISH DECISION TO ENTER NATO. BUT THE SECOND LARGEST POLITICAL PARTY IN SPAIN, THE SOCIALISTS (PSOE), IS PRESENTLY OPPOSED TO SPANISH ENTRANCE INTO NATO. THE HOPE IS THAT THE PSOE WILL MODERATE ITS POSITION IN TIME, BUT THIS IS NOT CERTAIN. PRESSING THE MATTER TO DECISION TOO SOON WOULD BE COUNTER-PRODUCTIVE, BECAUSE IT WOULD TEND TO HARDEN THE PSOE IN ITS NEGATIVE STANCE. THUS THE UNITED STATE SHOULD, WHILE CONTINUING ITS PRESENT POLICY OF DISCREET PROMOTION, ALSO CONSIDER ITS COURSE SHOULD THE OBJECTIVE OF THAT POLICY NOT BE ACHIEVED AND SPAIN DECIDE NOT TO ENTER NATO. THE ISSUE WILL BE DEALT WITH FURTHER IN THE MISSION'S OVERVIEW ON GOALS AND OBJECTIVES NOW BEING DRAFTED FOR SUBMISSION IN FEBRUARY.

WITH REGARD TO NUCLEAR POLICY, SPAIN IS NOT CONVINCED THAT THE FOREGOING OF REPROCESSING AND OF FAST BREEDER TECHNOLOGY WILL PERMIT IT TO MEET ITS FUTURE ENERGY NEEDS. IT IS EMBARKED ON AN AMBITIOUS NUCLEAR ENERGY PROGRAM, AND IS DIVERSIFYING ITS SOURCES OF URANIUM, EQUIPMENT AND TECHNOLOGICAL SUPPLY IN PART BECAUSE ITS CONFIDENCE IN THE UNITED STATES AS A SOURCE IS LESS THAN IN THE PAST.

THE PRINCIPAL RESOURCE ISSUES ARE: (1) THE NEED FOR GREATER MACRO-ECONOMIC ANALYTICAL CAPABILITY IN THE ECONOMIC
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SECTION; AND (2) THE NEED FOR STRENGTHENING THE CONSULAR SECTION AT THE EMBASSY AND MAINTAINING THE HIGH LEVEL OF CONSTITUENT POSTS. BOTH THESE ISSUES WERE DISCUSSED BY THE AMBASSADOR IN WASHINGTON EARLIER THIS MONTH.

6. EVALUATION

BILATERAL RELATIONS BETWEEN THE UNITED STATES AND SPAIN ARE GOOD AND PRESENTLY WITHOUT MAJOR ISSUES. THE ISSUES WHICH DO EXIST AT PRESENT ARE IN THE FIELDS OF NUCLEAR ENERGY, FISHERIES, TRADE RESTRICTIONS AND AVIATION BUT ALL ARE UNDER ACTIVE NEGOTIATION. NUCLEAR ENERGY IS THE ONLY AREA IN WHICH A MAJOR ISSUE SEEMS LIKELY TO DEVELOP. IN THE WAKE OF ITS EVOLUTION TOWARD A DEMOCRATIC REGIME SPAIN HAS EOUGH TO WIDEN ITS DIPLOMATIC HORIZONS AND TO ADOPT A MORE FLEXIBLE FOREIGN POLICY. WHILE THIS TREND OCCASIONALLY PALACES US IN DIFFERENT CORNERS, THERE CONTINUES TO BE A GNERAL IDENTIFICATION OF INTERESTS INTERNATIONALLY BETWEEN SPAIN AND THE US.

SPAIN'S MILITARY RELATIONSHIP WITH THE USS DEFINED IN THE 1976 TREATY OF FRIENDSHIP AND COOPERATION, CONTINUES TO BE COOPERATIVE, ALTHOUGH STRICT CONSTRUCTIONIST. AS NOTED PREVIOUSLY SPAIN HAS NOT YET MOVED FORWARD TOWARD DEFINITION OF ITS FUTURE SECURITY ORIENTATION. US POLICY ON THIS QUESTION IS BELIEVED TO BE SOUND. STABLER

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